

1 AUG 1959

Honorable Maurice H. Stans
Director
Bureau of the Budget
Washington 25, D. C.

Dear Mr. Stans:

The Bureau of the Budget staff analysis of Free World and Sino-Soviet economic aid activity, forwarded in draft with your letter of 15 July 1959, has been studied by appropriate members of my staff, and I am pleased to give you their comments along with some of our views pertaining to the subject. An elaboration of our thoughts is contained in a recent report entitled "Sino-Soviet Bloc Economic Policies in Underdeveloped Countries of the Free World," CIA/RR 59-13, published by this Agency in April 1959.

As your paper implies, certain useful purposes can be served by comparing the total expenditures entailed in Bloc and Free World foreign aid activities, but such comparisons can also be extremely misleading if the dollar figures are taken out of the context of the social-economic-political milieu in which these expenditures are being made and by which their effects are being supplemented or counteracted.

Although the general conclusions point to the concentration of Bloc economic assistance, there is no mention of the equally great concentration of Western assistance and investment. Much of the Free World assistance is directed toward underdeveloped areas that are firmly committed to the West. According to the annual ICA publication, Mutual Security Program, South Korea, South Vietnam and Taiwan alone have been receiving about 35

On file OMB release
instructions apply.

(EXECUTIVE REGISTRY FILE *Budget*)

SECRET

percent of U.S. governmental help while nearly 90 percent of assistance from other Western governments has been channeled towards British and French overseas territories. A comparison of assistance expenditures and investments that is limited to those uncommitted countries in which both the Bloc and the West have chosen to compete would show a considerably smaller disparity between Bloc and Free World programs. In about one-third of these countries, Bloc aid commitments actually exceed those of the U.S. for the period under consideration. In addition, the number of countries in which the West simply is not competing is growing and includes a few key countries like Ethiopia and Guinea, which until very recently were securely in the Western camp.

It might be useful to point out here that the capabilities of the Bloc for extending foreign aid are subject to two influences: (1) the rapid growth of total output in the Bloc countries, and (2) the fact that aid to Free World underdeveloped countries represents only a part of total Soviet foreign aid. During the years 1956 through 1958, for example, Soviet credits and grants to the European Satellites accounted for one-half of total Soviet credits and grants. Even China, struggling for rapid industrialization, has provided nearly \$500 million in assistance to other Bloc countries during the past five years. Obviously Bloc assistance to Free World countries could be expanded by redirecting its flow away from other countries of the Bloc.

The following minor and specific comments relate to the tables and the explanation of the tables.

a. The statement (p. 2) that some "Sino-Soviet commitment figures include what are really barter trade agreements" is not accurate. Bloc credit agreements generally provide for repayment in goods over a period of years (usually twelve). This means that the Bloc agrees to purchase goods from the borrowing country in a volume and at a price to be determined at the time of repayment.

b. Since December 31, 1958, several credits have been extended by the Bloc, the total of which amounts to \$435 million.

c. Although the figures on Americans abroad (p. 3 and Table VII) include a significant number of individuals who are not engaged in development activity, the figures on Bloc personnel include only persons who are associated with such work. It also should be noted that the method of counting heads is dissimilar. The ICA data, for example, refer to the number of individuals present at a post in an underdeveloped country on 31 December 1958. The Bloc figures, on the other hand, refer to the number in underdeveloped countries for one month or longer during the period 1 July - 31 December 1958. This number has increased during the past six months to nearly 4,700.

d. In our view, the wording for the row heading (Table I), which now reads "Net Effect on Balance of Payments, Free World," should be changed. At least one item (i. e., reinvested earnings) that is included in this total has only an indirect effect on a balance of payments or an effect that is not directly measureable. We suggest a heading such as "Total Public Assistance and Net Private Investment and Donations." We feel that the statement in the conclusion (paragraph 3), comparing aid in 1960, should also be changed to read "... one-eighth of the current rate of total public assistance and private investment from Free World countries."

Please call upon us again in case your staff wishes to pursue further any of the points raised here.

Sincerely,

SIGNED

Allen W. Dulles
Director

Distribution:

Orig. & 1 - Addressee
2 - DCI
1 - DDCI
1 - DD/I
2 - AD/RR
1 - Ch/E
1 - D/S
1 - S/TF

APPROVED:

*Originally approved by
Robert C. Brown*

[Redacted Signature Box]

/s/ Deputy Director/Intelligence

1 JUL 1959

ORR/S/TF (27 July 59)
ORR/D/S/TF: [Redacted] mlc/ [Redacted] (30 Jul 59)

25X1

25X1
25X1

7-6315-a

Honorable Maurice H. Stans
Director
Bureau of the Budget
Washington 25, D. C.

Dear Mr. Stans:

The Bureau of the Budget staff analysis of Free World and Sino-Soviet economic aid activity, forwarded in draft with your letter of 15 July 1959, has been studied by appropriate members of my staff, and I am pleased to give you their comments along with some of our views pertaining to the subject.

We agree with the general tenor of the conclusions presented in the draft. In fact, they parallel in many respects those found in a recent report entitled "Sino-Soviet Bloc Economic Policies in Underdeveloped Countries of the Free World," CIA/RR 59-13, published by this Agency in April 1959.

We heartily concur with the statement in the General Conclusions that "the problems raised by Bloc aid programs do not appear to be a function of amount, but of selectivity, propaganda activities, method of administration and similar matters." While certain useful purposes can be served by comparing the total amounts of Bloc and Free World foreign aid activities, such comparisons can also be extremely misleading if the dollar figures are taken out of the context of the social-economic-political milieu in which these expenditures are being made and by which their effects are being supplemented or counteracted.

Although the general conclusions point to the concentration of Bloc economic assistance, there is no mention of the equally great

concentration of Western assistance and investment. Much of the Free World assistance is directed toward underdeveloped areas that are firmly committed to the West. According to the annual ICA publication, Mutual Security Program, South Korea, South Vietnam and Taiwan alone have been receiving about 35 percent of U.S. governmental help while nearly 90 percent of assistance from other Western governments has been channeled towards British and French overseas territories. A comparison of assistance expenditures and investments that is limited to those uncommitted countries in which both the Bloc and the West have chosen to compete would show a considerably smaller disparity between Bloc and Free World programs. In addition, the number of countries in which the West simply is not competing is growing and includes a few key countries, like Ethiopia and Guinea, which until very recently were securely in the Western camp.

It might be useful to point out here that the capabilities of the Bloc for extending foreign aid are subject to two influences: (1) the rapid growth of total output in the Bloc countries, and (2) the fact that aid to Free World underdeveloped countries represents only a part of total Soviet foreign aid. During the years 1956 through 1958, for example, Soviet credits and grants to the European Satellites accounted for one-half of total Soviet credits and grants. Even China, struggling for rapid industrialization, has provided nearly \$500 million in assistance to other Bloc countries during the past five years. Obviously Bloc assistance to Free World countries could be expanded by redirecting its flow away from other countries of the Bloc.

The following minor and specific comments relate to the tables and the explanation of the tables.

a. The statement (p. 2) that some "Sino-Soviet commitment figures include what are really barter trade agreements" is not accurate. Bloc credit agreements generally provide for repayment in goods over a period of years (usually twelve). This means that the Bloc agrees to purchase goods from the borrowing country in a volume and at a price to be determined at the time of repayment.

b. Since December 31, 1958, several credits have been extended by the Bloc, the total of which amounts to \$435 million.

c. Although the figures on Americans abroad (p. 3 and Table VII) include a significant number of individuals who are not engaged in development activity, the figures on Bloc personnel include only persons who are associated with such work. It also should be noted that the method of counting heads is dissimilar. The ICA data, for example, refer to the number of individuals present at a post in an underdeveloped country on 31 December 1958. The Bloc figures, on the other hand, refer to the number in underdeveloped countries for one month or longer during the period 1 July - 31 December 1958. This number has increased during the past six months to nearly 4,700.

d. In our view, the wording for the row heading (Table I), which now reads "Net Effect on Balance of Payments, Free World," should be changed. Several items (e.g., reinvested earnings and PL 480 transactions) that are included in this total have only an indirect effect on a balance of payments or an effect that is not directly measurable. We suggest a heading such as "Total Public Assistance and Net Private Investment and Donations." We feel that the statement in the conclusion (paragraph 3), comparing aid in 1960, should also be changed to read "... one-eighth of the current rate of total public assistance and private investment from Free World countries."

Please call upon us again in case your staff wishes to pursue further any of the points raised here.


Sincerely,

WILLIAM W. GULLING
Director

Distribution:

Orig. & 1 - Addressee
✓ 2 - DCI
1 - DDCI
1 - DD/I
2 - AD/RR
✓ 1 - Ch/E
1 - D/S
1 - S/TF

APPROVED:


Deputy Director/Intelligence

EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

WASHINGTON 25, D. C.

Executive Registry

11-6315

JUL 15 1959

My dear Mr. Dulles:

We would appreciate very much your views on the enclosed draft Bureau of the Budget staff analysis of Free-World and Sino-Soviet Economic Aid Activity. Certain of the data contained in the report are based on information prepared in your agency.

We should very much like to receive such comments as you might have by August 1, 1959.

Staff of the Bureau of the Budget are available for any consultation deemed desirable.

Copies of the tables are also being sent to The Acting Secretary of State, The Secretary of the Treasury, The Acting Secretary of Commerce, the Special Assistant to the President for National Security Affairs, and the Chairman of the Council on Foreign Economic Policy.

Sincerely yours,

(Signed) Maurice H. Stans

Director

Honorable Allen W. Dulles
Director, Central Intelligence
Agency
Washington 25, D. C.

Enclosures

WHEN WITH ATTACHMENT

SECRET

Approved For Release 2003/05/23 : CIA-RDP80B01676R000800020048-2

EXPLANATION OF THE TABLES

These tables are a comparison of economic aid activity in the underdeveloped areas by the Sino-Soviet Bloc, the Free World, and the International Agencies for the years 1954 through 1958. Statistics on the Free World include Government programs, private investment and an estimate of private donations. The International agencies can be considered essentially an activity of the Free World inasmuch as the Bloc supports only one of them, the United Nations Technical Assistance agency. There are seven tables in all:

- I - Summary of Expenditures by the Free World and Sino-Soviet Bloc on Economic Assistance to the Underdeveloped areas, 1954-1958
- IIA - Regional Comparison of Net Expenditures by Sino-Soviet Bloc and United States Government on Economic Aid, 1954-1958
- IB - Unexpended Balances and Unused Credits by Region, 1958
- III - Commitments of Sino-Soviet Bloc Assistance (Economic and Military) by Source, 1954-1958
- IV - Detail of Sino-Soviet Bloc Aid, 1954-1958
- V - Free World Government Economic Aid Expenditures in Underdeveloped areas, 1954-1958
- VI - Free World Private Investment in Underdeveloped Areas, 1954-1958
- VII - Comparison of Technicians and Other Professionals in Underdeveloped Areas, 1958

The underdeveloped areas of the world are defined as the Middle East; Asia, except Japan; Africa, except the Union of South Africa; Latin America; and three countries in Europe, Portugal, Spain and Yugoslavia. Greece and Turkey are included as part of the Middle East.

The tables cover the past five years, 1954 through 1958, but the time period for each statistical series is not always the same. Figures for the Sino-Soviet countries, UN agencies, private donations and private investment are for the calendar year. Figures for governments are for the fiscal year of the government concerned, thus: USA, July 1-June 30; UK, April 1-March 31, etc. Government figures for comparable time periods are not available. However, the time differences involved make no appreciable effect on either the magnitudes of the totals or their trend.

Sino-Soviet Bloc

The figures for the Sino-Soviet Bloc, except repayments, have been taken from the Economic Intelligence Committee publication, "Sino-Soviet Bloc Economic Activity in the Underdeveloped Areas." Repayments have been estimated, on the basis of discussions with State officials, in order to

Approved For Release 2003/05/23 : CIA-RDP80B01676R000800020048-2

SECRET

SECRET

Approved For Release 2003/05/23 : CIA-RDP80B01676R000800020048-2

point up the small amount of repayments of Sino-Soviet credits thus far. The official exchange rate of four rubles to the dollar has been used. While this rate represents an over-evaluation of the ruble insofar as internal Russian prices are concerned, in world trade, Russian export prices have almost always approximated world price levels. It is also known that the cost of several particular projects, such as the steel mill in India, is reasonable by Western standards.

Although some of the Sino-Soviet commitment figures include what are really barter trade agreements, the total of Sino-Soviet trade with Free World underdeveloped countries has not been covered in the presentations on Bloc economic activity. Comparisons of Bloc trade with Free World trade have not been included in these tables.

Almost the whole of Bloc assistance is in the form of loans. Of the total of \$2.4 billion, only \$98 million has been granted, and all of it in the economic program, as follows (figures in millions): Cambodia - \$34; Burma - \$30; Ceylon - \$16; Nepal - \$12; Egypt - \$5; and India - \$1. Communist China has made \$61 million of the grants, Russia, \$37 million.

Since December 31, 1958, the terminal date of the tables, the pattern of Bloc commitments has remained unchanged with one important exception, a commitment of \$137 million in economic aid to Iraq has been added to the military commitment of \$118 million, made in October, 1958.

Private Investment

In the area of private investment, figures for the United States are rather good, but for other countries they are incomplete. From 1954 to 1957, direct investment by other countries was \$3,640 million. Several hundred million dollars of portfolio investment are readily identifiable and so the figure on the table has been rounded up to \$4 billion. Figures for short and medium term investment by non-Americans are not available, but this type of investment is becoming increasingly important for the lesser-developed countries. West Germany is the leading supplier of these credits after the USA.

Of the \$4.5 billion of American private investment in the under-developed areas from 1954-1957, about \$1 billion represents the short-term financing of ordinary commercial transactions. Such financing frequently helps countries with temporary balance of payments troubles, but probably should not be considered as a development activity. It is worth noting that before and after World War I portfolio investment was the favorite form of long-term capital investment. Not until after WW II did direct investment become the common form of long-term investment, and not until three years ago was interest in portfolio investment renewed. Since 1956 portfolio investment by the U. S. has increased about three times over the level of the early 1950s. It has also been increasing, but more slowly, in Western Europe. (Only \$40 million of American private investment is covered by the Investment Guaranty Program.)

SECRET

Approved For Release 2003/05/23 : CIA-RDP80B01676R000800020048-2

SECRET

Approved For Release 2003/05/23 : CIA-RDP80B01676R000800020048-2

- 3 -

Technical and Related Personnel

Figures on Free World personnel, except American, are not available. Hence, the table is limited to a comparison of the United States and the Bloc. For this country, employees of private companies are shown as well as Government personnel, inasmuch as both are required to make a true comparison between the United States and the Bloc. The figures in the "private" column are the total number of "principals" reported in the OCB study on Americans overseas.

There is no way of identifying the number of non-government persons engaged in activities of direct benefit to the country of residence. In many of the Latin American countries there are a number of self-employed professional people. There are many others in non-development commercial activities, such as the luxury trades or international passenger, shipping, and airline companies. Some are in the twilight zone. In spite of these reservations, it is probably not unreasonable to assume that at least three quarters of the number in any of the Latin American countries are associated with development-type activities.

In Africa, the Middle East, and Asia it can be assumed that virtually all Americans are engaged in activities of direct benefit to the country, except in Lebanon, where it can be assumed that the percentage so engaged is very small.

There is one general exception in all countries - missionaries wholly engaged in religious activities. These, however, are rather few, probably no more than a third of the approximately 27,000 American missionaries abroad, because much missionary activity today is of a public welfare sort - schools, hospitals and clinics, even agricultural technical assistance.

The personnel table is limited solely to persons engaged in economic activities. It is in no way a measure of the number of persons from either the Bloc or the Free World who are engaged in political, propaganda, and other non-economic activities.

* * * * *

NOTE: ONLY THE SINO-SOVIET BLOC STATISTICS ARE SECRET. ALL OTHERS ARE UNCLASSIFIED.

SECRET

Approved For Release 2003/05/23 : CIA-RDP80B01676R000800020048-2

SECRET

Approved For Release 2003/05/23 : CIA-RDP80B01676R000800020048-2

116000
AD/PT

General Conclusions of Comparison of Sino-Soviet Bloc and
Free World Economic Aid Activities

The material contained in this study covers the years 1954 through 1958 and was derived from documents published by official agencies, U. S. and international. A few of the figures have been estimated or interpolated, and have been so indicated. The magnitudes of the totals have not been affected by these methods. The principal conclusions of the study are:

1. On a world-wide basis, Soviet economic aid activity in the past five years has been dwarfed by U.S. activity, public and private. Activity by other free world countries is also much larger than the Bloc's.
2. Bloc activity is concentrated in a few countries. In Syria, Egypt, and Afghanistan, Bloc activity is much larger than all Free World programs, government and private, combined. Though Bloc expenditures in India appear to be large, they are much less than Free World aid. Bloc assistance to Yugoslavia had been large, but was cancelled about a year ago.
3. Through 1958, Bloc expenditures have been relatively high in the military program, relatively low in the economic program. However, on the basis of present commitments, expenditures on economic aid can be expected to rise rapidly while military expenditures will taper off. Total expenditures should reach an annual rate of one half billion dollars by 1960 or shortly thereafter. Even at this level Bloc aid would be only one-eighth of the current rate of the net outflow of resources from Free World countries. Thus, the problems raised by Bloc aid programs do not appear to be a function of amount, but of selectivity, propaganda activities, method of administration, and similar matters.
4. In any comparison of technical and related personnel of the Soviet Bloc and U.S., the figures are overwhelmingly in favor of the U.S.

SECRET

Approved For Release 2003/05/23 : CIA-RDP80B01676R000800020048-2

SECRET

TABLE I
Summary of Expenditures by the Free World and Sino-Soviet Bloc on Economic Assistance to the Underdeveloped Areas, 1954-1958
(millions of dollars)

	1954 - 1957			1958			TOTAL			Unexpended Balances & unused credits ^{a/}
	Loans and Grants	Repayments of principal and interest	Net Expenditures	Loans and Grants	Repayments	Net Expenditures	Loans and Grants	Repayments	Net Expenditures	
Sino-Soviet Bloc... ^{f/}	250	5	245	150	20	130	400	25	375	1,200
Free World - Public										
U.S.A.....	6,976	699	6,277	2,173	256	1,917	9,149	955	8,194	3,557
Other Government ^{b/}	4,091	83	4,008	1,301	60	1,241	5,392	143	5,249	1,584 ^{d/}
IBRD and IFG.....	495	115	380	285	60	225	780	175	605	648 ^{d/}
Other UN Agencies ^{c/}	371	-	371	95	-	95	466	-	466	n.a. ^{d/}
Total.....	11,933	897	11,036	3,854	376	3,478	15,787	1,273	14,514	n.a.
Free World - Private Investment										
U.S.A.....	5,650	5,466	184	Investment	Earnings	Net	Investment	Earnings	Net	
Other country.....	4,000	3,400	600	1,800	1,800	0	7,450	7,266	184	
Subtotal.....	9,650	8,866	784	1,200	1,000	200	5,200	4,400	800	
Private Donations ^{e/}	950	-	950	3,000	2,800	200	12,650	11,666	984	
Total.....	10,600	8,866	1,734	250	-	250	1,200	-	1,200	
Net effect on balance of payments, Free World.....	-	-	12,770	3,250	2,800	450	13,850	11,666	2,184	16,698

^{a/} Does not include uncommitted spending authority, e.g., borrowing authority of Export-Import Bank

^{b/} Western Europe, Canada, Australia, New Zealand, Japan and India

^{c/} United Nations Technical Assistance (UNTA), United Nations International Children's Emergency Fund (UNICEF), United Nations Relief and Works Agency for Palestine Refugees (UNRWA), and United Nations Korean Rehabilitation Agency (UNKRA).

^{d/} The United Nations definition of an obligation is services rendered or goods delivered. Hence, any carryover of unliquidated obligations merely represents the normal time lag in making payments. Most European countries also base their budgets on expenditures rather than obligations, and what we call unexpended balances do not exist. There is, however, a carryover of what we call contract authority, but no figures are available. The figure of 1,584 is the unexpended amount of Japanese reparation payments.

^{e/} About 80% American. Principal categories are gifts to Israel from private Americans, private American foundations, foreign missions, and German restitution payments to individuals resident in Israel.

^{f/} The figures on this line have been rounded on the Summary Table and differ from the detail on Tables IIB, III and IV by \$1 million.

SECRET

SECRET

TABLE IIA Regional Comparison of Net Expenditures by Sino-Soviet Bloc and
U. S. Government on Economic Aid, 1954-1958

	<u>Far East</u>	<u>Near East So. Asia</u>	<u>Africa</u>	<u>Latin America</u>	<u>Western Europe</u>	<u>Undistributed</u>	<u>Total</u>
<u>Sino-Soviet Bloc</u>	<u>80</u> ¹⁰	<u>182</u> ¹¹	<u>0</u>	<u>3</u>	<u>134</u>	-	<u>399</u>
Less Repayments a/							<u>-25</u>
Net Total							<u>374</u>
<u>U.S. Government</u>	<u>4,187</u>	<u>2,038</u>	<u>114</u>	<u>795</u>	<u>1,061</u>		<u>8,194</u>
Mutual Security Program	3,814	1,127	62	224	490	-	5,717
X-M Bank: Gross	(82)	(64)	(29)	(826)	(29)	-	(1,030)
Less Repayments	(34)	(56)	(13)	(507)	(25)	-	(635)
Net	48	8	16	319	4	-	395
P.L. 480, Titles II & III	131	258	36	82	175	-	682
Title I	194	644	0	170	392	-	1,400

TABLE IIB Unexpended Balances and Unused Credits by Region, 1958

<u>Sino-Soviet Bloc</u>	<u>198</u>	<u>866</u> b/	<u>2</u>	<u>101</u>	<u>34</u>	<u>0</u>	<u>1,201</u>
<u>U.S. Government</u>	<u>841</u>	<u>837</u>	<u>127</u>	<u>764</u>	<u>109</u>	<u>879</u>	<u>3,557</u>
Mutual Security Program	814	634	97	90	73	135	1,843
X-M Bank	27	203	30	674	36	0	970
P.L. 480	-	-	-	-	-	744	744

a/ Repayments of Bloc credits cannot be distributed by region.

b/ Of which UAR - \$367 million and India-\$188 million.

SOURCES: Regional distribution of
figures on Tables IV and V

SECRET

SECRET

TABLE III
Commitments of
Sino-Soviet Bloc Assistance (Economic and Military) by Source, 1954-1958
(millions of dollars)

	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>Total</u>	<u>Economic</u>	<u>Military</u>
USSR.....	<u>5.8</u>	<u>115.5</u>	<u>542.7</u>	<u>245.5</u>	<u>702.2</u>	<u>1,611.7</u>	<u>1,254.0</u>	<u>357.7</u>
European Satellites.....	<u>5.0</u>	<u>223.3</u>	<u>119.3</u>	<u>21.4</u>	<u>279.9</u>	<u>648.9</u>	<u>227.0</u>	<u>421.9</u>
Czechoslovakia.....	5.0	214.6	90.1	16.4	82.7	408.8	100.9	307.9
Poland.....	-	-	23.2	-	155.5	178.7	64.7	114.0
East Germany.....	-	8.7	2.9	2.3	30.1	44.0	44.0	-
Bulgaria, Hungary, Rumania.....	-	-	3.1	2.7	11.6	17.4	17.4	-
Communist China.....	<u>-</u>	<u>-</u>	<u>55.4</u>	<u>20.0</u>	<u>43.6</u>	<u>119.0</u>	<u>119.0</u>	<u>-</u>
Total.....	10.8	338.8	717.4	286.9	1,025.7	2,379.6	1,600.0	779.6

Source: Sino-Soviet Bloc Economic Activity
in Underdeveloped Areas
1 July - 31 December 1958
(EIC-R14-86)

SECRET

SECRET

TABLE IV
Sino-Soviet Bloc Aid, 1954-1958
(millions of dollars)

	Commitments ^{a/}			Obligations			Expenditures		
	Economic	Military	Total	Economic	Military	Total	Economic	Military	Total
Egypt.....	311.0	315.0	626.0	127.1	315.0	442.1	9.1	265.0	274.1
Syria.....	194.6	127.7	322.3	40.9	127.7	168.6	20.8	127.7	148.5
UAR.....	505.6	442.7	948.3	168.0	442.7	610.7	29.9	392.7	422.6
Indonesia.....	194.0	169.5	363.5	106.6	169.5	276.1	55.0	58.0	113.0
India.....	304.1 ^{b/}	-	304.1 ^{b/}	304.1	-	304.1	116.9	-	116.9
Yugoslavia.....	163.1 ^{b/}	-	163.1 ^{b/}	163.1	-	163.1	132.0	-	132.0
Afghanistan.....	126.6	32.4	159.0	94.8	32.4	127.2	37.8	32.4	70.2
Argentina.....	102.1	-	102.1	34.1	-	34.1	1.0	-	1.0
Iraq.....	-	118.0	118.0	-	118.0	118.0	-	-	-
Yemen.....	42.3	17.0	59.3	37.6	17.0	54.6	-	17.0	17.0
Ceylon.....	58.0	-	58.0	15.4	-	15.4	-	-	-
Burma.....	34.2	-	34.2	7.5	-	7.5	2.4	-	2.4
Cambodia.....	34.0	-	34.0	28.4	-	28.4	9.0	-	9.0
Nepal.....	12.6	-	12.6	12.6	-	12.6	4.2	-	4.2
Turkey.....	12.5	-	12.5	12.5	-	12.5	7.5	-	7.5
Iceland.....	4.6	-	4.6	4.6	-	4.6	1.5	-	1.5
Iran.....	2.3	-	2.3	2.3	-	2.3	-	-	-
Ethiopia.....	2.0	-	2.0	2.0	-	2.0	-	-	-
Brazil.....	2.0	-	2.0	2.0	-	2.0	2.0	-	2.0
	1,600.0	779.6	2,379.6	995.6	779.6	1,775.2	399.2	500.1	899.3

Pipeline Table

	Commitments	Obligations	Expenditures	Unexpended Balance 12/31/58
Economic Aid	1,600	995	400	1,200
Military Aid	780	780	500	280

- a/ Grants are \$98 mil., of which \$61 mil. from China and \$37 mil. from Russia. Major recipients are Cambodia, Burma, Ceylon, and Nepal.
b/ Net after suspension of \$244 mil. in early 1958.
c/ Excludes \$137 mil. in economic aid committed in April 1959.

Sources: Sino-Soviet Bloc Economic Activities
in Underdeveloped Areas 7/1-12/31/58 NIC R14-56)
Soviet Economic Aid, Joseph Berliner, Praeger,
New York, 1958

SECRET

TABLE V

Free World Governmental Economic Aid Expenditures in Underdeveloped Areas - 1954-1958
(millions of dollars)

	1954-1957				1958				Total				Unexpended balances & Unused Credits
	Grants	Loans	Repayments	Net Total	Grants	Loans	Repayments	Net Total	Grants	Loans	Repayments	Net Total	
U.S.A.....	6,976	-	699	6,277	2,173	-	256	1,917	2,149	-	955	8,194	3,557
NSF.....	4,823	1,141	241	4,515	1,253	532	79	1,202	6,076	1,673	320	5,717	1,443
Ex-Im Bank.....	4,311	445	458	238	1,089	198	177	157	5,394	643	635	395	970
P.L. 480: a/.....	-	696	-	-	-	334	-	-	-	1,030	-	-	744
Titles II and III.....	512	-	-	512	170	-	-	170	682	-	-	682	-
Title I.....	1,012	-	-	1,012	388	-	-	388	1,400	-	-	1,400	-
Other Government.....	2,910	1,181	83	4,068	991	310	60	1,241	3,901	1,491	143	5,249	n.s.
France.....	1,700	923	24	2,599	527	227	11	713	2,227	1,156	85	3,312	n.s.
UK.....	338	189	24	503	146	44	11	179	444	233	35	682	n.s.
Germany.....	412	0	0	412	137	0	0	137	549	0	0	549	n.s.
Canada.....	112	17	0	123	44	17	0	61	156	34	6	184	n.s.
Australia.....	104	1	0	105	38	1	0	39	142	2	0	144	n.s.
Other West Europe & Commonwealth.....	139	51	29	161	37	0	8	29	176	51	37	190	n.s.
India and Japan.....	105	0	0	105	62	21	0	83	167	21	0	188	1,584
International Agencies.....	371	495	115	751	25	285	60	320	466	780	175	1,071	648
UNRRA, UNRSCA, UNRCA, UNRCAF, UNRCAF b/.....	371	0	0	371	25	0	0	25	466	0	0	466	n.s.
IMRO and IFIC.....	-	495	115	380	-	285	60	225	-	780	175	605	648
Total Government.....	11,933	-	897	11,036	3,854	-	376	3,478	15,787	-	1,273	14,514	n.s.

a/ P.L. 480 has been handled as follows: Figures for Titles II and III represent deliveries and are entered in the "Grant" column; figures for Title I represent deposits and are a combination of both country use and U. S. use, less Treasury dollar receipts from sales of P.L. 480 currencies. These have been taken out of the total since they represent a loss of dollar income to the country. Thus, the figures for Title I assume that all commodities delivered represent an offset in the foreign exchange requirements of the recipient countries except for this dollar loss. The best measure of benefit to the country is the commodity import without foreign exchange loss, rather than the share of sales proceeds used for country purposes.

b/ Contributions to the international organizations are not included in the country figures, but are shown instead as expenditures by the International Agencies.

Sources:

U.S. Budget
Annual Reports of Export-Import Bank
U.S. Statistical Yearbook, 1958

Foreign Grants and Credits by the U. S. Government - published quarterly by the Dept. of Commerce
International Economic Assistance to the Less Developed Countries, 1957/58 - United Nations
Annual Reports of IBRD
Annual Reports of IFIC

Semi-Annual Reports on P.L. 480 - prepared by
the Department of Agriculture
Contributions of Members and Associated Countries
to Economic Development of Underdeveloped Areas
Outside Europe - OEEC, December, 1957

TABLE VI Free World Private Investment in Underdeveloped Areas, 1954-1958 a/
(Millions of dollars)

1954 - 1957							1958 (Est)				
A. U.S.A.	Direct			Portfolio	Short-Term	Total	Remissions of Earnings	Net Effect	Investment	Remissions	Net Effect
	Oil	Other	Total								
Latin America	(1470)	(1332)	2802	513	608	3923	3145	788	-	-	-
Asia, Middle East, Africa	(717)	(155)	872	305	258	1435	2321	-886	-	-	-
IBRD and IFC	-	-	-	292	-	292	-	292	-	-	-
	(2187)	(1487)	3674	1110	866	5650	5466	184	1800	1800	0

1954 - 1957							1958 (Est)		
B. Other Countries, <u>Direct Investment Only</u>	<u>Total Investment</u>		<u>Earnings Remitted</u>		<u>Net Result</u>		<u>Investment</u>	<u>Remissions</u>	<u>Net Effect</u>
France	1760		1900		-140		-	-	-
United Kingdom	1400)					-	-	-
Germany	175)					-	-	-
Switzerland	170)	1300		580		-	-	-
Sweden	55)					-	-	-
Netherlands	35)					-	-	-
Other Countries	45)					-	-	-
	3640	b/	3200	b/	440		1200	1000	200

a/ Includes reinvested earnings as well as new investment.

NOTE: It has been necessary to estimate or interpolate some of the figures on European and Commonwealth private investment and for all countries for the year 1958.

SOURCES: UN Statistical Yearbook, 1958

The International Flow of Private Capital, 1956-1958 - UN

Balance of Payments Yearbook - IMF

Survey of Current Business - published monthly by the Department of Commerce

Economic Development of Overseas Countries and Territories Associated with OEEC Member Countries, OEEC, August 1958

b/ On the Summary Table these figures have been increased to 4,000 and 3,400 respectively in order to show the effect of identifiable portfolio investment. Country detail of such investments is not available.

TABLE VII

Comparison of Technicians and other Professionals in Underdeveloped Countries, 1958

	AMERICANS ^{a/}		International Organisations ^{b/}	Private	Total	USSR	Czechoslovakia	East Germany	SINO-SOVIET BLOC Hungary, Bulgaria, Poland, Romania	Communist China	International Organisations	Total
	Direct Hire	Contractor										
Middle East	613	183	77	9,668	10,541	425	195	195	235	30	4	1084
Egypt.....	(1)	(0)	n.a.	n.a.	n.a.	145	95	145	150	-	1	535
Syria.....	(0)	(0)	n.a.	n.a.	n.a.	165	25	25	60	-	1	275
Sub-total United Arab Republic.....	1	0	22	447	470	(310)	(120)	(170)	(210)	-	(2)	(310)
Yemen.....	0	0	0	0	0	100	60	10	0	30	-	200
Turkey.....	129	64	8	707	908	5	15	10	0	-	-	60
Iran.....	249	90	2	550	898	10	0	0	0	-	-	10
Iraq.....	70	11	6	542	629	n.a.	n.a.	n.a.	n.a.	n.a.	-	60
Israel, Lebanon, Sudan, Jordan.....	164	18	32	7,122	7,436	0	0	0	0	0	1	1
Regional.....	0	0	0	0	0	0	0	0	0	0	1	1
Asia	1,676	1,624	87	19,522	22,909	1,295	145	40	60	55	23	1,618
Afghanistan.....	85	128	4	13	230	530	70	0	0	0	2	602
Burma.....	12	0	5	141	158	75	0	0	0	0	1	86
Cambodia.....	97	192	0	322	611	20	0	0	0	10	0	50
Ceylon.....	37	17	6	124	164	25	0	0	0	30	0	35
India.....	126	47	17	2,218	2,408	495	25	0	30	0	0	550
Indonesia.....	110	70	6	1,109	1,295	150	45	40	30	5	19	289
Pakistan.....	180	219	10	732	1,141	0	5	0	0	0	0	5
Taiwan, Korea, Laos, Nepal, Philippines, Thailand, VietNam.....	1,029	951	39	14,883	16,902	0	0	0	0	0	0	0
Regional.....	0	0	0	0	0	0	0	0	0	0	1	1
Africa	452	137	29	8,146	8,764	25	0	0	0	0	1	26
Ethiopia.....	114	60	2	289	465	25	0	0	0	0	0	25
Ghana, Liberia, Libya, Morocco, Nigeria, Tunisia, Somalia, Fed. of Rhod. & Nyasaland.....	338	77	27	7,857	8,299	0	0	0	0	0	1	1
West Europe	101	9	6	8,452	8,568	10	5	0	0	0	2	17
Yugoslavia.....	33	9	6	1,022	1,070	10	0	0	0	0	2	12
Greece.....	30	0	0	4,212	4,242	0	5	0	0	0	0	5
Spain.....	38	0	0	3,218	3,256	0	0	0	0	0	0	0
Latin America	941	90	125	47,065	48,221	5	13	0	42	0	0	60
Argentina.....	6	0	0	1,424	1,430	0	5	0	40	0	0	45
Brazil.....	130	15	13	4,060	4,111	0	3	0	2	0	0	5
Chile.....	57	10	10	934	954	0	5	0	0	0	0	5
Mexico.....	11	4	30	18,494	18,539	5	0	0	0	0	0	5
Other.....	737	61	72	22,453	23,023	0	0	0	0	0	0	0
Summary	3,783	2,043	324	92,853	95,003	1,760	353	235	332	85	30	2,805
Middle East.....	613	183	77	9,668	10,541	425	195	195	235	30	4	1,084
Asia.....	1,676	1,624	87	19,522	22,909	1,295	145	40	60	55	23	1,618
Africa.....	452	137	29	8,146	8,764	25	0	0	0	0	1	26
Western Europe.....	101	9	6	8,452	8,568	10	5	0	0	0	2	17
Latin America.....	941	90	125	47,065	48,221	5	13	0	42	0	0	60
Sub-total - Government	3,783	2,043	324	92,853	95,003	1,760	353	235	332	85	30	2,805
ICA: Direct Hire	3,783											
Contractor	2,043	5826										
Inter. Organisation	324											
Total	6150											

Sources: ICA Personnel Strength, Monthly Report for December 31, 1958

OOS Report on Americans Abroad, July 16, 1958

Sino-Soviet Bloc Economic Activities in Underdeveloped Areas, July 1 - Dec. 31, 1958, EIC-RII-56

^{a/} Figures on personnel of other Free World countries are not available.^{b/} All Americans employed in underdeveloped countries by International Organizations are assumed to be engaged in activities of direct benefit to the country, an assumption which can be regarded as at least 90% correct.